the sky is the limit

2011 annual report

Greater Moncton International Airport
Aéroport International du Grand Moncton

Vision
To be the airport of choice in Atlantic Canada.

Mission
Leadership in operating a safe, clean, efficient, friendly and profitable airport with a distinctive sense of place.

Values
Operating a safe and secure environment.

Delivering service excellence by encouraging customer responsiveness, training and cooperation with staff, community and business partners.

Ensuring professional and entrepreneurial airport management operating in an ethical and open manner. Providing an efficient and profitable airport.

Maintaining a commitment to the development of successful partnerships.

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Chair's Message

As Chair of the Greater Moncton International Airport Authority (GMIAA), I wish to offer my sincere "congratulations" to my fellow Board members, the GMIAA management team, our airport staff and all of you who chose to use our facility as part of your travel plans in 2011, for making it a very successful year, despite some significant challenges. The new record for customer numbers and the modest increase in air cargo bear witness to this achievement.

One of the most important decisions made by the Board in 2011 involved extending Runway 06/24 to 10,000' from its current 6,150', as well as approving the financing of the project. And while the GMIAA will be responsible for the greater portion of the project costs, we are extremely grateful to both the federal and provincial governments for their financial contribution of $4M each. This extension will not only elevate the GMIAA's status in the international air transportation community, in terms of its ability to handle larger aircraft, such as the Boeing 747, but it will also be the catalyst for increasing our air cargo business and attracting private investment in new infrastructure.

The GMIAA, using Airport Improvement and Reconstruction (AIR) Fund monies, continued to pay down the debt linked to the new Air Terminal Building, while supporting other major projects such as the resurfacing of Runway 11/29. The latter undertaking was successfully completed in October 2011. The cooperation of the Greater Moncton community and, in particular, the citizens of the City of Dieppe, during the construction period, was very much appreciated by both the GMIAA Board and management.

We had several changes to the Board composition in 2011. Mr. George Cooper relinquished his role as Chair in June 2011, but graciously agreed to remain on the Board in the role of Past Chair until his term expires in 2012. During his time as Chair, George gave selflessly of his time in support of the airport, while providing solid leadership and guidance to the Board. Also, leaving the Board in 2011 were Mr. Ken MacLeod and Mr. S. Boyd Anderson, both of whom contributed significantly to our successes, past and present. We also said goodbye to our longtime Board secretary, Mrs. Diane

Stacey, who retired in November and will be greatly missed. Replacing her is Ms. Suzie Després, and the Board welcomes Suzie in her new role.

Looking forward, 2012 is forecasted to be even better than 2011, in terms of the number of air travelers using the Greater Moncton International Airport (GMIA) and air cargo throughput. Indeed, we believe that new records will be established in both business sectors. It is therefore my sincere belief that with the continued and unequaled support of our local Councils, business organizations such as Enterprise Greater Moncton (EGM) and the Greater Moncton Chamber of Commerce (GMCC), together with our loyal customers and tenants, the GMIA can, and will, continue its upward trend of growth and prosperity.

In closing, I wish to assure the Greater Moncton community and those citizens beyond the Tri-Community region who choose to regularly use our airport, that the GMIAA Board of Directors will continue to provide the leadership and guidance necessary to ensure that we continue along a path that will see the GMIA emerge as a major player in the air transportation sector, both nationally and internationally.

Kim Wilson
Chair

Ms. Kim Wilson,
Chair of the GMIAA
Board of Directors

President & CEO's
Message

Despite a worldwide recession, a recession that certainly impacted the air industry in all its forms, and a much harsher than normal winter, the Greater Moncton International Airport's (GMIA) financial performance was as good as could be expected under the circumstances. Despite these challenges to revenue generation and maintaining costs, management and staff worked hard to ensure a healthy bottom line for 2011.

From an air traveller perspective, a new record was established, with nearly 580K customers using our facility in 2011, while on the cargo front, the numbers were up 1%, a slight increase over 2010. As a result of the increase in the number of travellers, the Airport Improvement and Reconstruction (AIR) Fund generated $4,794,904. This money will continue to be used to service the debt, while assisting with the financing of new expansionary projects designed to "grow the business". For example, a runway extension project was announced for 2012-2013 with the federal and provincial governments each contributing $4M, while the Greater Moncton Airport Authority will finance the remainder of this initiative. This project will enable the GMIA to further expand its air cargo business, while acting as the catalyst for an even greater business opportunity for our region and indeed the Province, and that is...... to become "The Logistical Centre of Excellence for Atlantic Canada". The decision by Greater Moncton International Airport Authority (GMIAA) Board of Directors to proceed with a runway extension must be recognized as a courageous one and one that will benefit this region for years to come.

The major infrastructure undertaking for 2011 was a resurfacing project for Runway 11/29 and Taxiway "Delta" at a cost of approximately $8M. This project, which began in May 2011 and was completed in October, will serve the GMIA and its airline partners well for another 20 years plus. The airport hired a number of new personnel in 2011. Mr. Mark Legge was hired as the Safety and Security Specialist, while Mr. Jacques Fournier filled the position of Cargo Specialist, replacing Ms. Stéphanie Dancause-Côté who left us to join the Calgary International Airport team earlier in the year. We also said farewell to Ms. Diane Stacey, our Accounts Payable Clerk and Board Secretary, who took her retirement in November 2011. Diane's experience and professionalism will be greatly missed. Ms. Suzie Després was hired as Diane's replacement and has assumed all of her duties.

As we move into 2012, the future looks bright. Our air cargo business is expected to grow exponentially, while the projected number of customers using the GMIA will exceed 600K. Equally exciting is the fact that 2012 will be a watershed in the history of the airport. More specifically, the GMIA will be working with a European airport partner to exploit the concept of transhipping goods between Europe and the Northeast USA, using the GMIA as the hub airport to temporarily warehouse goods, in bond, destined for the two continents. This concept involves trucks and aircraft being used inter-modally, as the goods are transported to final destinations on either continent. The cost savings and efficiencies throughout the supply chain are significant using this method(s) of transportation.

In closing, I offer a very sincere thank you to our customers for your business, but more importantly, for your loyalty to the GMIA throughout 2011. Your continued support enables us to present solid business cases to prospective new airline entrants, by presenting empirical data that justifies not only new air service, but also supports increased frequency and added capacity from our existing airline partners. To our staff, I thank you for your continued dedication and teamwork and to our tenants, an equally sincere "thank you" for meeting all the needs of our mutual customers. And finally, to the communities and their elected officials, as well as the various business organizations, such as Enterprise Greater Moncton (EGM) and the Greater Moncton Chamber of Commerce (GMCC), please accept my appreciation for all your endeavours on behalf of the GMIA. Together, we have made great strides in the development of this facility and without doubt, if we continue a teamwork approach, we will achieve even greater heights.

Rob Robichaud, President & CEO

GMIA Employees

Operations Report 2011

Airfield Rehabilitation Phase II

Phase II of the airfield rehabilitation project focused on the resurfacing of approximately 2,000 metres of Runway 11/29. HBH Construction was the successful proponent for this work. Due to savings from the initial scope of work, we were able to rehabilitate Taxiway "Delta" that was allocated for completion in 2012. Once again, we would like to thank all of our stakeholders for their cooperation and understanding during this important infrastructure program.

Runway Extension

A tender was held for engineering design and construction management services for the extension of Runway 06/24, expected to be complete in 2014. Greater Moncton International Airport (GMIA) initiated the federal environmental screening process for this project with expected requirements to be completed in the spring of 2013.

Personnel

There was one retirement in 2011 and we wish our former Safety and Security Specialist, Graham MacDonald, all the best in his retirement. At the same time, we welcomed a new Safety and Security Specialist to the GMIA team, Mark Legge.

Marketing & Business
Development Review

The Year in Numbers

The year 2011 ended in a healthy 5% increase, resulting in a new record for a total of 579,329 customers at the Greater Moncton International Airport (GMIA) in comparison to 552,629 in 2010. On the cargo front, the year ended at a 1% increase. Volumes finished at 23,035 metric tonnes in comparison to 22,789 metric tonnes in 2010.

Air Service Development

The 2011 Southern destination season was a success offering six winter destinations: two flights per week to Punta Cana, Dominican Republic; Varadero, Cuba; Montego Bay, Jamaica; Cancun, Mexico; and Orlando, Florida.

In 2011, Sunwing Vacations commenced the Montego Bay, Jamaica service, the first Jamaican destination from the GMIA. WestJet also began a seasonal Orlando service in mid-January.

Adding to this upward passenger trend is our newest airline partner, Porter Airlines, that started service in June 2010 with increased daily frequency in 2011. Both Continental and Porter Airlines increased service during the holidays to Newark (New York) and Toronto respectively, offering more possibilities for travelers.

United/Continental Airlines continues to increase and up gauge its transborder (twice daily) during the holiday (mid-December-January) and peak winter season to Newark (New York) with very positive load factors.

With the introduction of the Q400 in their fleet, Air Canada Express remains our main carrier offering the most frequency to major Canadian centres.

Cargo Development

The Greater Moncton International Airport Authority is pleased to announce that Jacques Fournier is the new Cargo Specialist. In this role, Mr. Fournier will continue to work on building relationships in order to focus on developing new services and growing market share with existing GMIA partners.

Service Excellence Partners

In support of the GMIA's determination to become a leader in service excellence, the airport initiated the SuperHost® customer service training program in 2008 and since then a total of 138 individuals have been trained. In 2011, a total of 39 individuals from all partner companies attained certification. GMIA's goal is to become a recognized SuperHost® organization, providing world-class service to all visitors.

"The year 2011 ended in a healthy 5% increase resulting in a new record for a total of 579,329 customers..."

Community Relations

GMIA and its employees have been proud partners in the following events:

The total value of the contribution for these events is over $15,000.

As for a total of donations and volunteering events that the GMIA employees take part in, here are the events or associations:

- Chamber of Commerce
- United Way
- Transportation Discovery Centre
- Dragon boat festival
- Donations to Harvest House
- Social Justice Fund:
  - Donation to Juvenile Diabetes
  - Donation to IWK
  - Donation to Children's Wish Foundation
  - Donation to Movember
  - International Day for the Elimination of Poverty, which is a cause of the NB Common Front

A total of over 300 hours were given and over $12,000 was divided between these organizations.

"Club YQM's goals are to make the Airport's frequent flyers' travelling experiences easier, more comfortable..."

Club YQM, our airport affinity club

Club YQM's goals are to make the Airport's frequent flyers' travelling experiences easier, more comfortable and to give them an opportunity to provide valuable feedback so GMIA can continue to improve its services for all airport users.

Twenty GMIA frequent flyers and community leaders have accepted to participate in the program during its one-year pilot test phase. Their experiences and feedback will help improve and expand the Club's membership and services, and also help the GMIA make all their travellers' experiences second to none.

Club YQM members' benefits are:

- Member access to short-term parking at long-term rates and two free parking passes per year
- Free coffee and newspaper during visits to GMIA
- Access to the corporate boardroom
- Exclusive member draws for trips and other travel-related prizes
- Exclusive member invitations to business-related GMIA events
- Members are part of an experienced focus group of frequent users to offer suggestions for improved service
- Customized Club YQM identification so that GMIA employees recognize members by:
  - Club YQM membership card
  - Club YQM lapel pin
  - Club YQM luggage tags
  - Regular communication regarding GMIA activities and initiatives

This new initiative was launched in July.

Retailing

Aramark undertook the phase two of their renovations plan to include a face-lift of the Travellers Lounge.

Looking ahead to 2012

Priority targets include a new regular cargo service to Europe, new partnerships such as the Cologne-Bonn Airport and regional support from suppliers, freight forwarders/ brokers.

Also, a passenger link to Newfoundland, additional transborder service, additional sun destinations, additional frequency on established routes and freighter service to Europe and Asia.

Strategic
Initiatives

For the period 2012 – 2016, the focus of the GMIAA Board and management will be:

- a continuance of growth in both the air passenger and air cargo sectors to over 650,000 and 32,000 tonnes respectively;
- the lengthening of one runway;
- to begin preliminary work for the establishment of an air cargo precinct, inclusive of cargo-related infrastructure, as part of developing the region into the Air Cargo Logistics Centre of Excellence for Atlantic Canada;
- replacement of aging operational infrastructure;
- a continuance of identifying "green initiatives" where economically practical and feasible;
- a continuance of working with all stakeholders regarding the above issues; and
- working with the Canadian Airports Council (CAC) and others, to encourage the federal government to eliminate airport rent for small airports.

2011 Actual vs. Business Plan (shown in millions of dollars)

	Actual	Plan	Difference	Explanation
Revenue	13.9	14.2	(0.3)	Delay in increase of AIR fund to $20
Expenses	11.5	12.0	0.5	Decreased interest and depreciation
Capital expenditures	9.1	14.2	5.1	Lower construction costs

Business Plan Forecast 2012 – 2016

	2012	2013	2014	2015	2016
Revenue	15.1	15.2	15.8	16.4	17.0
Expenses	12.6	12.8	12.9	13.0	14.2
Capital expenditures	17.2	14.3	11.7	9.1	2.4

GMIAA Inc.

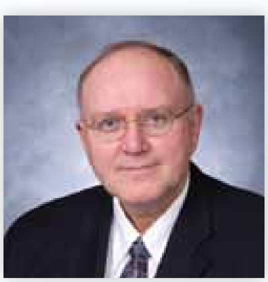
Board of Directors

Ms. Kim Wilson
Title: Chair
Occupation: Senior Manager, Corporate Planning & Social Responsibility Atlantic Lottery
Nominator: Greater Moncton International Airport Authority Inc.

Mr. André Pelletier
Title: Vice Chair
Occupation: Director, Real Estate Subsidiaries & Mortgage Loans, Assumption Life
Nominator: Greater Moncton Chamber of Commerce

Mr. George L. Cooper
Title: Past Chair
Occupation: Barrister & Solicitor, Cox and Palmer
Nominator: Greater Moncton International Airport Authority Inc.

Mr. Jack Low, CA CMA FCA ICD.D
Title: Secretary/Treasurer
Occupation: Retired
Nominator: Town of Riverview



Mr. Gil Meredith
Title: Director
Occupation: Retired
Nominator: Town of Riverview

Mr. Roland Collette
Title: Director
Occupation: Account Manager, Spielo
Nominator: City of Dieppe

Mr. Clifford Lavigne, BED
Title: Director
Occupation: Retired
Nominator: City of Moncton

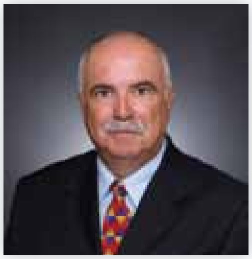
Mr. Robert Price
Title: Director
Occupation: President Integrity Home Health Services
Nominator: Province of New Brunswick

Mr. Brian Baxter
Title: Director
Occupation: Real estate/Education
Nominator: Government of Canada

Ms. Karen L. LeBlanc, BA, LLB
Title: Director
Occupation: Lawyer, LeBlanc Maillet
Nominator: Government of Canada

Ms. Kathryn-Ann Leger
Title: Director
Occupation: Labour Representative
Nominator: Greater Moncton International Airport Authority Inc.

Mr. Christopher Bacich
Title: Director
Occupation: General Manager, BMW Moncton
Nominator: City of Moncton



Mr. Maurice Richard, CA
Title: Director
Occupation: Self-employed
Nominator: City of Dieppe

Mr. Brian Donaghy
Title: Director
Occupation: Owner, Codiac Printing
Nominator: Enterprise Greater Moncton

Board Committees

Throughout the year, seven standing committees meet regularly. These include an Executive Committee, Audit Committee, Strategic Planning Committee, Environmental Committee, Governance Committee, as well as the Community Consultative Committee and the Aeronautical Noise Management Committee. Ad hoc committees are formed when required.

The Greater Moncton International Airport Authority Inc. (GMIAA) Board's approach to governance is that the Board deals with policy issues, while the President & CEO is responsible for management matters. That is to say, the Board is solely responsible for the formulation and monitoring of policy matters at the highest level, while management is responsible for the execution of day-to-day issues in support of these policies. A monitoring policy will be put in place that will hold the President & CEO accountable through the provision of periodic reports as well as other monitoring measures, all designed to give the Board the tools necessary to ensure its policies are being adhered to.

Executive Committee

The Executive Committee comprises the Chair, Ms. Kim Wilson, Mr. André Pelletier, Mr. Jack Low, Mr. George Cooper, Mr. Roland Collette and Ms. Karen LeBlanc. Its purpose is to consider, promote and transact the business of the GMIAA Inc. between regular meetings of the Board of Directors.

The GMIA Management Team

Chris Ryan, CA	Director of Finance and Administration
Johanne Gallant	Director of Airport Commercial Development
Chris Farmer	Director of Operations
Rob Robichaud	President & CEO (GMIAA Inc.) Managing Director (GMIA)

Audit Committee

Members of the Audit Committee include Mr. Jack Low, Chairman, Mr. Robert Price, Mr. Maurice Richard and Mr. Christopher Bacich. This committee's primary responsibilities include, among others: identifying and monitoring the management of the principal risks that could impact financial reporting, monitoring the integrity of the financial reporting process and systems of controls and monitoring the independence and performance of the external auditors.

Strategic Planning Committee

This committee's membership includes Mr. Roland Collette, Chairman, Mr. George Cooper, Mr. André Pelletier and Mr. Chris Bacich. Its role is to develop strategic policies and the monitoring, thereof, in support of the GMIAA Inc.'s goals and objectives.

Environmental Committee

The Environmental Committee comprises Mr. Clifford Lavigne, Chairman, Mr. Gil Meredith, Mr. Brian Donaghy and Mr. Brian Baxter. The mandate of this committee is to establish and monitor all policies associated with environmental issues on the airport lands.

Governance Committee

This committee comprises Ms. Karen LeBlanc, Chairperson, Ms. Kathryn-Ann Leger, Mr. Brian Donaghy and Mr. Clifford Lavigne. The Governance Committee annually reviews the Terms of Reference for the Board, committees, the Board Chair, President & CEO and management contractor (Vantage Airport Group, formerly known as Vancouver Airport Services (YVRAS)). This committee is also responsible for formulating and recommending governance policies as well as evaluation matrices.

The Community Consultative Committee and the Aeronautical Noise Management Committee

The Community Consultative Committee meets to address issues that have the potential of impacting the community. This committee meets in conjunction with the airport's Aeronautical Noise Management Committee. The Aeronautical Noise Management Committee has a representative each from Dieppe, Riverview and Moncton, along with the airport, aircraft operators, NAV CANADA, Transport Canada and the Greater Moncton District Planning Commission. These committees met their scheduled commitments in accordance with the Transport Canada ground lease requirements. These committees are currently chaired by Mr. James Morris.

Board Accountability

The GMIAA Inc. Board of Directors is compensated as follows: Chair $10,000, Secretary-Treasurer $8,000 and all other members $2,500. Also, there was no code of conduct non-compliance issues for the GMIAA Inc. Board of Directors in 2011.

Directors' remuneration and expenses

(In thousands of dollars, unless otherwise noted)

Directors' compensation

	$
Annual retainer	
Chair	10
Vice Chair	2.5
Treasurer	8
Directors	2.5

Meeting fees

Board and Board Committee meeting fees are $300 dollars per meeting attended.

Total compensation to each Director in 2011 was:

Compensation

	$
S. Boyd Anderson	4
Chris Bacich	8
Roland Collette	7
George Cooper	10
Brian Donaghy	6
Clifford Lavigne	7
Karen LeBlanc	5
Kathryn-Ann Leger	6
Jack Low	15
André Pelletier	6
Robert Price	2
Maurice Richard	8
Kim Wilson	12
Ken MacLeod	5
Gil Meredith	6

Changes to GMIA's Board of Directors were as follows:

Terms Completed	June 2011	S. Boyd Anderson
	July 2011	Ken MacLeod
New Board Member	July 2011	Robert Price
	December 2011	Brian Baxter

Financial
Review

The Greater Moncton International Airport Authority Inc. (GMIAA) was incorporated as a corporation without share capital on June 22, 1995, under Part II of the Canada Corporations Act. The GMIAA Inc. is exempt from income tax according to the Airport Transfer (Miscellaneous Matters) Act. All earnings are retained and reinvested in airport operations and development.

The GMIAA Inc. is not required to pay any rent to the Government of Canada until the year 2016. In meeting the Ground Lease requirements, no contracts, whether for goods, services or consideration in excess of $75,000 (97 dollars), adjusted to the Consumer Price Index (CPI), were awarded during 2011 without a public competitive tendering process.

The excess of revenue over expenses for 2011 was $2,443,683 compared to $2,452,662 in 2010. The Airport Improvement and Reconstruction (AIR) Fund increased to $20 per passenger during the year. Operating expenses increased in 2011 due to harsh winter operating conditions. The Financial statements were restated to record the impact of actual fluctuations in interest rates upon a fixed interest rate financial instrument related to the financing of the Air Terminal Building. All contributions are used to fund operational capital works ranging from mobile equipment to airfield lighting.

The AIR Fund generated $4,794,904 net of collection expenses in 2011. The purpose of the AIR Fund is to finance the maintenance and development of infrastructure projects such as the lengthening of Runway 06/24, reconstruction of Runway 11/29, construction of the new Air Terminal Building and other expansion capital projects. Since 1999, the AIR Fund has raised $36.9 million. These funds were in turn used to pay $13.0 million in interest, principal payments of $14.3 million and purchased $7.7 million in capital assets. The net balance in the AIR Fund for 2011 was $1.9 million and will be used to finance identified infrastructure requirements over the next five years of approximately $45 million.

GREATER MONCTON INTERNATIONAL AIRPORT
AÉROPORT INTERNATIONAL DU GRAND MONCTON

Financial Statements

Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.

December 31, 2011

Grant Thornton

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Independent auditor's report

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To the Board of Directors of

Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport international du Grand Moncton Inc.

We have audited the accompanying financial statements of Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc., which comprise the statement of financial position as at December 31, 2011, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc. as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Moncton, New Brunswick
March 16, 2012

Chartered Accountants

Statements of Operations and Changes in Net Assets

Year Ended December 31	2011	Restated 2010
Revenues		
Aircraft (Page xx)	$ 4,989,715	$ 4,546,432
Airport (Page xx)	4,066,078	4,114,909
	9,055,793	8,661,341
AIR Fund revenues, net of expenses (Note 8)	4,794,904	3,829,583
	13,850,697	12,490,924
Expenses		
Salaries and employee benefits (Page xx)	2,756,596	2,578,365
Other operating and administrative expenses (Page xx)	5,689,529	5,090,456
Amortization	2,093,946	1,796,106
Interest on bank financing	924,360	844,493
	11,464,431	10,309,420
Excess of revenues over expenses before other income	2,386,266	2,181,504
Other income		
Change in fair value of financial instruments (Note 7)	57,417	271,158
Excess of revenues over expenses	$ 2,443,683	$ 2,452,662

Net assets, as previously stated	$ 17,933,250	$ 15,751,746
Prior period adjustment (Notes 7 & 14)	(1,407,097)	(1,678,255)
Net assets, as restated	16,526,153	14,073,491
Accumulated change in fair value of financial instruments designated as a hedge (Note 7)	(1,159,163)	-
Excess of revenues over expenses	2,443,683	2,452,662
Net assets, end of year	$ 17,810,673	$ 16,526,153

See accompanying notes to the financial statements.

Statement of Financial Position

December 31	2011	Restated 2010
Assets		
Current		
Cash and cash equivalents	**$ 2,376,906**	$ 1,278,185
Receivables	**1,243,449**	963,579
Materials and supplies	**113,276**	117,596
Prepaid expenses	**83,674**	87,562
	3,817,305	2,446,922
Restricted cash (Note 3)	**12,272,709**	1,391,354
Pension surplus (Note 10)	**872,250**	729,250
Capital assets (Note 4)	**35,682,260**	28,652,925
	$ 52,644,524	$ 33,220,451
Liabilities		
Current		
Payables - trade	**$ 1,388,848**	$ 1,335,038
- capital	**1,008,604**	64,357
Unearned revenue	**9,202**	8,594
Refundable deposits	**165,232**	164,632
Bank financing due within one year (Note 6)	**2,630,905**	1,962,083
	5,202,791	3,534,704
Severance liabilities (Note 11 (d))	**377,168**	392,198
Bank financing (Note 6)	**26,745,049**	11,360,299
Financial instruments liability (Note 7)	**2,508,843**	1,407,097
	34,833,851	16,694,298
Net assets	**17,810,673**	16,526,153
	$ 52,644,524	$ 33,220,451

Commitments (Note 11)

On behalf of the Board

Kim S. Wilson Kim Wilson, Director

Jack Low, Director

See accompanying notes to the financial statements.

Statement of Cash Flows

Year Ended December 31	2011	Restated 2010
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses	**$ 2,443,683**	$ 2,452,662
Amortization	**2,093,946**	1,796,106
Gain on disposal	**(16,117)**	(47,667)
Change in pension surplus	**(143,000)**	(94,000)
Change in fair value of financial instruments	**(57,417)**	(271,158)
	4,321,095	3,835,943
Change in non-cash operating working capital (Note 9)	**(231,674)**	26,880
	4,089,421	3,862,823
Financing		
Repayment of bank financing	**(1,946,428)**	(1,962,083)
Issuance of bank financing	**18,000,000**	-
Change in capital payables	**944,247**	(156,152)
Restricted cash	**(10,881,355)**	3,093,522
	6,116,464	975,287
Investing		
Proceeds on disposition of assets	**20,388**	47,667
Purchase of, or additions to		
Motor vehicles	**(200,210)**	(428,746)
Equipment	**(76,288)**	(221,442)
Infrastructure	**(8,623,220)**	(4,406,031)
ATB	**(246,177)**	(87,343)
Contributions received	**18,343**	18,400
	(9,107,164)	(5,077,495)
Net increase (decrease) in cash and cash equivalents	**1,098,721**	(239,385)
Cash and cash equivalents		
Beginning of year	**1,278,185**	1,517,570
End of year	**$ 2,376,906**	$ 1,278,185

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2011

1. Nature of operations

Greater Moncton International Airport Authority Inc. ("GMIAA") / Direction de l'Aéroport International du Grand Moncton Inc. («DAIGM») was incorporated as a corporation without share capital on June 22, 1995, under Part II of *the Canada Corporations Act*. GMIAA is exempt from income tax according to the *Airport Transfer (Miscellaneous Matters) Act*. All earnings of GMIAA are retained and reinvested in airport operations and development.

GMIAA is governed by a Board of Directors whose members are nominated by the Municipality of Moncton, the Municipality of Riverview, the Municipality of Dieppe, the Federal and Provincial Governments, the Greater Moncton Chamber of Commerce, Enterprise Greater Moncton, Moncton District Labour Council and the Board of GMIAA, in accordance with the qualifications set out in the by-laws.

2. Significant accounting policies

GMIAA follows Canadian generally accepted accounting principles in the preparation of its financial statements. The significant accounting policies are as follows:

Fund accounting

GMIAA follows the restricted fund method of accounting for revenues and expenses. All of the operations are accounted in the general fund.

Revenue recognition

Landing fees, terminal fees and parking revenue are recognized as the airport facilities are utilized. Concession revenues are recognized on the accrual basis and calculated using agreed percentages of reported concessionaire sales, with specified minimum rent guarantees. Rental (and licence) revenues are recognized over the lives of respective leases, licences and permits. Airport Improvement Fees (AIF), net of collection expenses, are recognized monthly based on airline ticket sales. Unearned revenues are comprised of excess amounts, over the minimum guarantee provided by the car rental agencies that have been received during the year. The recognition of these excess amounts, as earned revenue, is dependent on a full year's activity measured at June 30th annually for all such agencies.

Cash and cash equivalents

For the purpose of the statement of cash flows, GMIAA considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings and restricted cash are considered to be financing activities.

Materials and supplies

Materials and supplies are recorded at the lower of cost and net realizable value and represents items used to maintain the runways and equipment. The cost is determined on a first-in, first-out basis.

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives based on the following rates:

Airside infrastructure	2.5% - 10%
Equipment	5% - 33%
Groundside infrastructure	2.5% - 10%
Motor vehicles	5% - 25%
New ATB	2.5% - 20%
Old ATB renovations	10% - 20%

Capital assets are recorded net of any grants identified for capital purposes.

Employee future benefits

GMIAA accrues its obligations under employee benefit plans and the related costs, net of plan assets. GMIAA has adopted the following policies:

- The cost of the defined benefit pension plan earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The asset valuation method for the market values of assets adjusts values to market over a three-year period;
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining expected lifetime of former plan members at the date of amendment; and
- Any excess of the net actuarial gain (loss) in excess of 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining expected lifetime of former plan members.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, commitments and contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such estimations and assumptions include the useful lives of capital assets, valuation adjustments and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried as held for trading which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- held for trading
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets

The GMIAA has classified its existing financial assets and liabilities as follows:

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. The GMIAA establishes a provision for impairment if there is objective evidence that the GMIAA will not be able to collect all amounts due. The GMIAA has established an allowance for doubtful accounts that represents expected losses on accounts receivable. The main component of this allowance is an estimation of exposure attributed to specific customers. The GMIAA has determined that no assets existed requiring the use of the effective interest rate method in determining fair value. Receivables, cash and cash equivalents and restricted cash are classified as loans and receivables.

Financial assets classified as held for trading are subsequently measured at fair value. Assets in this category include derivative financial instrument liabilities or assets. Other liabilities include payables, refundable deposits and bank financing. These are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivative financial instruments are recorded on the statement of financial position at fair value. Changes in the fair values of derivative financial instruments are recognized in the statement of operations unless it qualifies and is designated as an effective cash flow hedge. Changes in fair value of a derivative financial instrument designated as a cash flow hedge are recorded in the statement of financial position as a financial instrument liability or asset with the effective portion recorded in net assets.

2. Significant accounting policies (continued)

Hedges

The GMIAA has cash flow hedges which are used to manage exposures to fluctuations invariable interest rates. For cash flow hedges, the effective portion of the change in fair value of the hedging item is recorded in net assets as a separate component. To the extent the change in fair value of the derivative is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded immediately in the statement of operations. Amounts accumulated in net assets are reclassified to the statement of operations when the hedged item is recognized in statement of operations. When a hedging instrument in a cash flow hedge expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in net assets relating to the hedge is carried forward until the hedged item is recognized in the statement of operations. When the hedged item ceases to exist as a result of its expiry or sale, or if an anticipated transaction is no longer expected to occur, the cumulative gain or loss in net assets are immediately reclassified to the statement of operations.

Financial derivatives assigned as part of a cash flow hedging relationship are classified as a financial instrument liability or asset as required based on the fair value determination. Significant derivatives include the following:

(1) Interest rate swaps are designated as cash flow hedges to manage variable interest rates associated with some of the GMIAA's debt portfolio. Hedge accounting treatment results in interest expense on the related debt being reflected at hedged rates rather than variable interest rates.

New accounting standards

The Accounting Standards Board (AcSB) of Canada issued the accounting standards for Not-for-Profit organizations, which are effective for years beginning on or after January 1, 2012. Early adoption is permitted. GMIAA will be reviewing these new standards to determine what impact, if any, they will have on future reporting periods.

3. Restricted cash

	2011	2010
AIR Fund for capital purposes	**$ 1,940,659**	$ 853,541
Other capital funds (Board restricted)	**522,781**	522,781
Capital financing funds	**9,809,269**	-
Severance liabilities (Note 11 (d))	**-**	15,032
	$ 12,272,709	$ 1,391,354

4. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	**2011** Net Book Value	2010 Net Book Value
Airside infrastructure**	$ 27,498,037	$ (8,287,511)	$ (4,679,228)	**$ 14,531,298**	$ 6,744,499
Equipment	1,537,653	(279,410)	(947,134)	**311,109**	390,592
Groundside infrastructure**	7,671,636	(4,625,448)	(946,063)	**2,100,125**	2,205,628
Motor vehicles	4,609,188	(164,591)	(2,151,864)	**2,292,733**	2,371,193
New ATB**	25,528,684	(3,892,189)	(5,444,034)	**16,192,461**	16,699,477
Old ATB renovations**	1,108,586	(495,356)	(358,696)	**254,534**	241,536
	$ 67,953,784	$ (17,744,505)	$ (14,527,019)	**$ 35,682,260**	$ 28,652,925

**These assets are considered leasehold improvements based on the sixty-year ground lease with the Government of Canada.

5. Line of credit

GMIAA has available an operating line of credit of $1 million, bearing interest at prime minus 1%, and as security GMIAA provides the Leasehold Mortgage of the ground lease between GMIAA and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport, dated September 1, 1997.

6. Bank financing

	2011	2010
CIBC term loan, maturing July 2, 2017, at bankers acceptance plus 0.48% per annum renewed every 90 days. There are two interest rate swaps with fixed rates of 6.46% (original amount $12.1 million) and 6.28% (original amount $6.0 million) related to the term loan. Principal repayments are yearly instalments of $1,666,666 (2012 - 2016) and $1,616,672 (2017).	**$ 9,950,002**	$ 12,072,382
CIBC term loan, amortized to May 2018, repayable in quarterly instalments of principal of $55,643 plus interest. Interest rate is prime minus 1%.	**1,502,363**	1,250,000
CIBC term loan, amortized to September 2026, repayable in quarterly instalments of principal of $116,667 plus interest. Interest rate is prime minus 1%.	**6,923,589**	–

6. Bank financing (continued)

	2011	2010
CIBC term loan maturing January 30, 2012, at bankers acceptance plus 0.48% per annum renewed every 90 days. There is an interest rate swap with a fixed rate of 3.84% per annum (original amount $11.0 million). Principal repayments are quarterly instalments of $137,500 commencing September 2012.	**11,000,000**	-
	29,375,954	13,322,382
Amount due within one year	**2,630,905**	1,962,083
	$ 26,745,049	$ 11,360,299

As security for the CIBC term loans, GMIAA has provided the Leasehold Mortgage of the ground lease between GMIAA and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport, dated September 1, 1997, a general security agreement over all assets of the GMIAA.

The principal repayments over the next five years are as follows:

2012	$ 2,630,905
2013	2,905,905
2014	2,905,905
2015	2,905,905
2016	2,905,905

The Company has a committed facility of $11 million which is to be drawn between June and August 2012 with interest rate at prime minus 1.0% per annum or bankers acceptance plus a fixed fee of 0.48%. The principal repayments are $550,000 per year based on quarterly instalments of $137,500.

7. Financial instruments liability

The GMIAA has entered into interest rate swaps to manage its interest rate risk related to borrowings which converted variable interest rates to fixed interest rates. The interest rate swaps represent derivative financial liabilities or assets which are measured at fair value. The financial instruments liability includes the following:

(1) In 2001, the GMIAA entered into interest rate swaps which converts variable bankers acceptance rates into fixed rates of 6.46% and 6.28%. These interest rate swaps represent derivative financial instruments which are recognized at fair value. The changes in fair value are recorded in other income "change in fair value of financial instruments", in the statement of operations, which was $57,417 for 2011 (2010 - $271,158). At December 31, 2011, the interest rate swaps were in a net liability position in the amount of $1,349,680 (2010 - $1,407,097).

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7. Financial instruments liability (continued)

(2) In 2011, the GMIAA entered into an interest rate swap which converts a variable bankers acceptance rate into a fixed rate of 3.84%. This interest rate swap represents a derivative financial instrument which is recognized at fair value, and the GMIAA has elected to apply hedge accounting to this instrument. The changes in fair value are recorded in net assets "accumulated change in fair value of financial instrument designated as a hedge", which was $1,159,163 for 2011 (2010 - $Nil). At December 31, 2011, the interest rate swap was in a net liability position in the amount of $1,159,163 (2010 - $Nil).

	2011	2010
Interest rate swaps – 2001	**$ 1,349,680**	$ 1,407,097
Interest rate swap – 2011	**1,159,163**	-
	$ 2,508,843	$ 1,407,097

8. AIR Fund results

On October 1, 1998, the Authority implemented an Airport Improvement and Reconstruction Fund (AIR Fund) charge. The purpose of the AIR Fund charge is to finance infrastructure projects such as the reconstruction of existing runways, the new terminal building and other expansionary capital projects deemed appropriate by GMIAA.

	2011	2010
Revenues		
Fees collected	$ 5,146,682	$ 4,114,481
Interest	11,989	8,083
	5,158,671	4,122,564
Expenditures		
Handling fees	363,767	292,981
Excess of revenues over expenses	$ 4,794,904	$ 3,829,583

9. Supplemental cash flow information

Change in non-cash operating working capital:

	2011	2010
Receivables	**$ (279,870)**	$ (195,842)
Materials and supplies	**4,320**	103,670
Prepaid expenses	**3,888**	(6,184)
Payables - trade	**53,810**	186,513
Unearned revenue	**608**	(57,242)
Refundable deposits	**600**	2,563
Severance liabilities	**(15,030)**	(6,598)
	$ (231,674)	$ 26,880
Interest paid	**$ 942,715**	$ 888,070
Interest received	**$ 30,685**	$ 15,011

10. Pension plan

GMIAA is a participating employer in the Canadian Airports Council Pension Plan (the "CAC Plan"), a multi-employer pension plan. The CAC Plan provides defined benefits to those employees who transferred their employment from the Government of Canada. The CAC Plan also provides a defined contribution plan to all other employees of GMIAA.

The Government of Canada remains liable for all pension benefits accrued prior to the transfer date of September 1, 1997. The CAC Plan is responsible for providing all pensions accrued since the transfer date.

10. Pension plan (continued)

Information about the CAC defined benefit pension plan follows:

	2011	2010
Accrued benefit obligation	**$ (4,858,000)**	$ (4,376,000)
Fair market value of plan assets	**4,260,250**	3,926,250
Funded status – plan deficit	**$ (597,750)**	$ (449,750)
Plan deficit	**$ (597,750)**	$ (449,750)
Unrecognized net actuarial loss	**1,470,000**	1,179,000
Pension surplus recognized	**$ 872,250**	$ 729,250
Net pension expense	**$ 259,000**	$ 263,000
Employer contributions	**$ 402,000**	$ 357,000
Employee contributions	**$ 41,000**	$ 40,000
Unrecognized net actuarial loss to date	**$ 1,470,000**	$ 1,179,000
Benefits paid	**$ 155,000**	$ 134,000

As a result of a January 1, 2011, actuarial valuation, GMIAA is required to make special monthly payments of $23,817. These payments are to fund the solvency deficiency that existed at January 1, 2011. GMIAA's regular contributions have been increased from 18.1% to 21.3% of applicable salary amounts.

On the January 1, 2011, actuarial valuation, the amortization of the actuarial loss was changed using the expected lifetime of former plan members (21.9 years) rather than the expected service life of active members (5.4 years). This change was deemed more appropriate because of the declining active memberships. This results in a lower annual pension expense.

The significant actuarial assumptions adopted in measuring GMIAA's accrued benefit obligations are as follows:

	2011	2010
Expected long-term rate of return on assets	**6.50%**	6.50%
Discount rate	**5.10%**	5.50%
Rate of compensation increase	**4.0%**	4.0%

The actuarial present value of accumulated plan benefits for the 2011 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2011. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2011. The next valuation report is due from the actuaries effective January 1, 2012.

10. Pension plan (continued)

	Percentage of Plan Assets	
Defined benefit pension plan assets consists of:	**2011**	2010
Canadian equity securities	**59.90%**	63.70%
Debt securities	**33.10%**	36.30%
Other	**7.00%**	-
Total	**100.0%**	100.0%

11. Commitments

(a) On September 1, 1997, GMIAA signed an agreement with the Government of Canada to transfer control of the Greater Moncton Airport to GMIAA. Effective that date, GMIAA signed a ground lease agreement with the Government of Canada (the "Landlord") which provides that GMIAA will lease the airport facilities for an initial term of sixty years. A twenty-year renewal option may be exercised; but at the end of the renewal term, unless otherwise extended, GMIAA is obligated to return control of the Greater Moncton Airport to the Government of Canada.

Safety for the airport is the responsibility of the Government of Canada.

GMIAA is not required to pay rent to the Landlord until the year 2016. Subsequent to 2015, the operating lease for the airport requires that GMIAA calculate rent due to the Landlord utilizing a formula reflecting annual airport revenues.

(b) An environmental site assessment on the Greater Moncton Airport property was carried out in August 1995 by the Government of Canada, and the report that was issued is referred to as the Environmental Baseline Study report. This report was to identify the extent of the hazardous substances that existed as of August 1995 and extended to the September 1, 1997, transfer date. Article 37 of the ground lease for the airport will govern responsibility for any remedial work, if necessary.

The responsibility for any liability that may arise in the future relating to the existence of a hazardous substance, originating before the transfer on September 1, 1997, to GMIAA, rests with the Government of Canada. GMIAA has responsibility for any environmental liabilities that arise from hazardous substance problems that occur subsequent to the transfer date.

11. Commitments (continued)

(c) GMIAA has entered into an agreement with Greater Moncton Airport Services ("GMAS") Ltd. to provide management and support services to GMIAA. The agreement is for a period of twenty-three years commencing September 1, 2001. Minimum management and support services charges payable for each of the next twenty-three years is based on GMAS' management salaries and benefits plus a minimum incentive of $100,000. In 2011, this base amounted to $723,000. In addition to the minimum amounts payable indicated above, GMIAA may incur additional charges based on a formula provided in the management agreement.

(d) **Severance liabilities**

(i) Severance trust liability
In 1998, GMIAA received $245,892 from the Government of Canada representing the present value of all future severance benefits accrued for the benefit of the employees, in respect of all years of service, up to the transfer date of September 1, 1997. The valuation amount was arrived at by the Office of the Superintendent of Financial Institutions Canada by using the methodology recommended by the Canadian Institute of Actuaries for the computation of transfer values from registered pension plans. The total of these monies were paid out as at December 31, 2011.

(ii) Ongoing severance accrual
In addition, since the transfer from Transport Canada, GMIAA continues to accrue severance as earned. At December 31, 2011, this component totalled $377,168 (2010 - $392,198).

(e) GMIAA has a capital budget of approximately $17,155,500 of operational capital program expenditures for equipment and infrastructure in 2012.

12. Financial instrument risk management

Risk management
The GMIAA is exposed to market risk, credit risk and liquidity risk, which are managed in such a way to support the GMIAA's Corporate Plan and long-term growth.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market price. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

Currency risk
Currency risk relates to operating in different currencies and converting non-Canadian transactions at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The GMIAA is not exposed to currency risk.

12. Financial instrument risk management (continued)

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject GMIAA to interest rate risk include bank financing with floating interest rates. GMIAA currently has a $1 million dollar line of credit available and term loans of $29.4 million, which are exposed to interest rate risk due to floating rates. The GMIAA uses interest rate swaps to manage some of the variable interest rate risk.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The GMIAA is not exposed to this risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. GMIAA's financial instruments that are exposed to credit risk include accounts receivable. GMIAA mitigates credit risk associated with its trade receivables through establishing credit approval policies and a regular monitoring process. GMIAA generally considers the credit quality of its financial assets that are neither past due or impaired to be solid. Credit risk is mitigated due to the small number of customers.

Allowance for doubtful accounts is reviewed on a quarterly basis. GMIAA updates its estimates of allowances for doubtful accounts based on customer history.

The maximum credit risk exposure at December 31, 2011, is equal to the carrying value of the following financial instruments as at the balance sheet date:

		Maximum Exposure to Credit risk
	2011	2010
Receivables	**$ 1,243,449**	$ 963,579

Liquidity risk

Liquidity risk is the risk that GMIAA may not have cash available to satisfy financial liabilities as they come due. GMIAA actively maintains a credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

12. Financial instrument risk management (continued)

Liquidity risk (continued)

The following table summarizes the maturity profile of the GMIAA's financial instruments carried at amortized cost:

	2011		
	Within 1 year	1-5 years	Over 5 years
Payables	$ 2,397,452	$ –	$ –
Bank financing	2,630,905	11,623,620	15,121,429
Refundable deposits	165,232	–	–

Fair value hierarchy

Disclosure regarding financial instruments must be presented as a hierarchy that categorizes the inputs to valuation models used to value financial assets and liabilities. The hierarchy gives the highest level of priority to quoted prices in an active market for identical assets (level 1) and the lowest level of priority to unobservable valuation inputs (level 3). The three levels of the hierarchy are described below:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;
Level 3 – inputs that are not based on observable market data.

The fair value of financial assets and liabilities measured at fair value, including their classification within the fair value hierarchy, is presented as follows:

	2011	2010
Derivative financial instruments liability	**Level 2**	Level 2

Notes to the Financial Statements

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13. Capital management

The primary objectives of GMIAA's capital management are to reinvest in the infrastructure of the airport and to ensure efficient delivery of service to its users.

The net assets balance is comprised of two components: one, that are not available for other purposes because they have been invested in capital assets employed by the GMIAA; and, two, that are available for future operations and are preserved so the GMIAA can have financial flexibility should opportunities arise in the future.

In order to maintain or adjust the capital structure, GMIAA may assume additional debt. It monitors capital on the basis of its debt to equity as a guide.

GMIAA's current lending requirements are subject to a minimum fixed charge coverage ratio of 1 to 1. For the year ended December 2011 GMIAA has complied with all externally imposed capital restrictions.

14. Prior period adjustment

In fiscal 2001, the GMIAA entered into interest rate swaps to manage the interest rate risk related to borrowings which converted variable interest rates to fixed interest rates. The interest rate swaps represent derivative financial liabilities or assets which are measured at fair value. Prior to fiscal 2011, the GMIAA did not record the interest rate swaps at fair value. During the current year the interest rate swaps were recorded at fair market value requiring the following adjustments:

	Increase	Decrease
Opening net assets - January 1, 2010		$ 1,678,255
Excess of revenues over expenses - 2010	$ 271,158	
Financial instruments liability at December 31, 2010	$ 1,407,097	

Schedule of Revenues and Expenses

Year Ended December 31	2011	2010
Revenues		
Aircraft		
Landing fees	$ 3,478,085	$ 3,237,498
Terminal fees	1,511,630	1,308,934
	$ 4,989,715	$ 4,546,432
Airport		
Concessions	$ 1,245,444	$ 1,581,624
Interest	18,696	6,928
Parking	1,700,928	1,422,540
Rent	490,249	485,559
Recovery of property taxes from tenants	305,136	303,098
Recovery of expenses from tenants	169,680	160,369
Miscellaneous	135,945	154,791
	$ 4,066,078	$ 4,114,909
Expenses		
Salaries and employee benefits		
Salaries and wages	$ 2,199,153	$ 2,073,642
Employee benefits	557,443	504,723
	$ 2,756,596	$ 2,578,365
Other operating and administrative expenses		
Advertising and marketing	$ 550,768	$ 313,099
Bad debt expense	3,215	962
Board administration	147,108	143,221
Communications – telephone/cellular	65,632	72,385
Contract and special services	273,362	155,800
Electricity	508,072	513,170
Freight	6,690	4,499
Fuel	299,884	258,948
Insurance	157,799	158,489
Interest and bank charges	83,291	78,730
Janitorial services	323,156	311,289
Management and support services	771,410	835,870
Materials and supplies	293,585	272,198
Miscellaneous	88,032	59,777
Office supplies	14,062	16,341
Professional and consulting services	128,579	50,077
Property taxes	853,040	839,736
Repairs and maintenance	353,971	290,678
Security services	516,318	522,815
Travel	127,052	108,453
Water and sewer	124,503	83,919
	$ 5,689,529	$ 5,090,456